

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 624 – HB 1004

March 27, 2013

SUMMARY OF ORIGINAL BILL: Authorizes local government entities to purchase insurance policies to protect against breach of fiduciary duty by public officials and employees, and provides that such policies shall satisfy the requirements for filing individual surety bonds. Such policies will be deemed a blanket bond for each official or office identified in the policy. Requires a certificate of insurance evidencing the officials and offices covered, the amount of coverage maintained, and the type of coverage provided, to be filed with the Office of the Comptroller and the County Register.

FISCAL IMPACT OF ORIGINAL BILL:

Other Fiscal Impact – Authorizing local governments to purchase insurance policies in lieu of surety bonds may increase tort liability for any local government electing to purchase insurance policies. Otherwise, the net fiscal impact to local governments is considered not significant.

SUMMARY OF AMENDMENT (005519): Deletes all language after the enacting clause. Requires the Tennessee Advisory Commission on Intergovernmental Relations (TACIR) to conduct a study of official surety bond requirement satisfaction by insurance policy coverage during the summer and fall of 2013; requires TACIR to report to the Senate State and Local Government Committee as well as the House Local Government Committee by January 31, 2014.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

NOT SIGNIFICANT

Assumptions for the bill as amended:

- According to TACIR, any cost associated with conducting the study can be accommodated within existing resources without an increased appropriation or reduced reversion.

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CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

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